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Chairman: Mr. de Rojas ..... (Venezuela)

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The meeting was called to order at 3.25 p.m.

Agenda item 95: Macroeconomic policy questions *(continued)*

(a) Financing of development, including net transfer of resources between developing and developed countries *(continued)*

1. **Mr. Insanally** (Guyana) said that financing for development was of paramount importance to his country and the centrepiece of his Government's proposal for a new global human order which advocated investment in development as an investment in global peace and security.

2. At a time when globalization and the interdependence of countries made international cooperation more necessary than ever, official development assistance (ODA) had registered a sharp decline. Such assistance remained crucial to the development of most developing countries, particularly the least developed countries. Funding of United Nations operational activities for development must also be substantially increased. There was also need for greater advocacy for the cause of development so that people, particularly in the developed world, might become more supportive of United Nations activities in that field. His delegation was greatly encouraged by the importance the developed countries attached to the current exchange of views.

3. He suggested that a fresh approach be adopted. For example, as an input to the Committee's discussion, the South Centre and the Development Assistance Committee of the Organisation for Economic Cooperation and Development could prepare a comprehensive joint report on new and innovative funding modalities. In addition, the Secretariat could make a compendium of studies conducted by agencies, such as the United Nations Development Programme (UNDP), for the information of delegations. In conclusion, his delegation, together with the other members of the Caribbean Community (CARICOM), would participate actively in future deliberations on financing for development.

4. **Mr. Cordeiro** (Brazil) said that the adoption of General Assembly resolution 52/179 should be followed by the convening of an appropriate high-level international intergovernmental forum which would consider the issue of financing for development.

5. The agenda of such a forum should be broad and should include not only traditional issues related to ODA and development cooperation, but also an open consideration of policy issues related to the maintenance of an enabling environment for development, at both the domestic and international levels, the role of trade, market access, trade liberalization and the need for better regulation of private capital flows and a strengthening of institutional capacities to prevent and deal with financial crises. Attention should also be given to the increasing participation of developing countries in the global economy and global financial markets. That increased participation should be reflected in a more effective participation in decision-making and standard-setting. That, too, should be part of the discussions.

6. His delegation agreed with the Chairman that the Committee's discussions should benefit from a variety of inputs, including executive briefings and panel discussions.

7. **Mr. Perez** (Dominican Republic) said that although the Dominican Republic had managed to reduce its external debt by 10 per cent since August 1996, in 1997, it had paid out more in debt service payments than it had received in loans and international cooperation, making it a net exporter of capital. A lasting solution must be found to the problem of external debt, for, as the representative of Indonesia had pointed out, such debt impeded the development of developing countries. Awareness-building mechanisms must be established with a view to increasing private-sector participation in financing for development. It was equally important to ensure a flow of capital for the development of poor rural communities; that would require a change in outlook on the part of the Bretton Woods institutions.

8. **Mr. Savostyanov** (Russian Federation) said that the consideration of the financing of development should be based on the consensus achieved earlier, and should aim to give new impetus to strengthening partnership in international economic cooperation. It should be systematic and comprehensive in nature, covering both domestic aspects, and external factors which complemented national efforts, and should take into account the interests of all countries.

9. The topics relating to domestic aspects included the macroeconomic policy of States, their fiscal and monetary policies, national income utilization structure and corresponding legislation, including legislation ensuring a favourable investment climate, the role of the private sector and other topics suggested by various delegations, including the European Union.

10. In considering questions of external support for development financing, particular attention should be paid to questions of official development assistance, foreign debt, private financial flows, including foreign investment, and international trade, including access to markets; the last two

topics were of special practical significance for countries with economies in transition.

11. The relevant United Nations organizations, the Bretton Woods institutions, regional development banks, the World Trade Organization, the Organisation for Economic Cooperation and Development, and academic bodies should play an active role in the preparatory process. The briefings and seminars to be held before the fifty-third session of the General Assembly could also play a useful role.

12. **Mr. March** (Australia) said that any high-level meeting on financing for development should consider what had worked in the past and why; clarify prevailing contexts; examine all possible sources of financing; and explore ways and means of enhancing the effective use of development funds. The crisis in South-east Asia had illustrated the precariousness of private flows. While acknowledging the continuing need for development assistance and broad-based investments in sustainable development, he pointed out that, even more important than the amount of funding made available was how it was used and what it achieved. At the same time he recognized that the very difficult circumstances of some developing countries, particularly the least developed countries and small island developing States, warranted special measures. The human and social dimension of development must not be overshadowed by financial and economic concerns.

13. Noting that national domestic savings and private sector investment played a much greater role in financing for development than did official development assistance he proposed that high-level consideration should also be given to sources of such domestic savings and private sector investment, the conditions necessary to enhance their flows, and their effective utilization. It would also be appropriate to review case studies of successful development in order to determine what lessons could be learned – specifically what policies, resource mobilization strategies and investments could help to accelerate national development – and to assess the contemporary development context.

14. It would be a good idea to consider the sources of development investment, by region, if possible, and, more particularly, to consider what were the sources of, constraints on and necessary pre-conditions for domestic public-sector and private-sector resource mobilization, official development assistance and foreign direct investment; and to determine what real scope there was for funding from non-traditional sources. Finally, it would be good to assess whether investments were cost-effective, and whether scarce official development assistance was being used where other flows would serve.

15. Sources for input to the discussion should include the key actors within the United Nations, its funds and programmes; the Bretton Woods institutions; and the Organisation for Economic Cooperation and Development. Governments, research institutions and special interest associations, such as the South Centre, could also circulate proposals, but for information only.

16. **Mr. Beti** (Observer for Switzerland) expressed his delegation's intention to participate actively in the deliberations of the ad hoc open-ended working group. His delegation was circulating a paper on key elements which, in its view, should be considered by the working group and taken into account in the documentation prepared by the Secretariat. It agreed that the working group should not focus only on official development assistance but also look at results and output as well as sources of investment. He hoped that the working group would take a pragmatic and flexible approach that would be adaptable to rapidly changing circumstances and that solutions, particularly short-term solutions, proposed by the working group would not be impeded.

Completion of the Committee's work

17. **The Chairman**, summing up, said that the Committee's extraordinarily significant debate on financing for development would mark a milestone in the history of the Organization's deliberations on international economic issues. It was now incumbent on Governments to ensure that that political momentum was maintained. In that context, he welcomed the Committee's decision to hold briefings in the coming months, which would be a valuable input to the work of the ad hoc working group to be established at the next session.

18. Despite the problems created by late documentation, the Committee had adopted 32 major resolutions – slightly more than in 1996 but far fewer than in 1995. It should continue it efforts to monitor draft resolutions in order to ensure that they contributed "value added" to what had already been agreed upon in previous years.

19. Much of what had been done was in keeping with General Assembly resolution 50/227; for example, closer cooperation had been achieved between the Second and Third Committees. However, more remained to be done in that respect and the same applied to the facilitating role that the Bureau could play in, *inter alia*, suggesting "items" of particular interest for the debate. To do that, however, the Bureau would have to be designated and begin its work earlier, perhaps even on an unofficial basis several weeks before the installation of the General Assembly.

20. While the many interesting special events had been held during the session, their number should perhaps be reduced in future. Moreover, they should also be scheduled well in advance and follow the order of the Committee's official work.

21. The two most significant resolutions adopted by the Committee had been resolutions 52/179, which had launched the process for a high-level international intergovernmental consideration of financing for development, and resolution 52/186 on the renewal of the dialogue on strengthening international economic cooperation for development through partnership. While he was aware that some Committee members preferred not to link the two issues, he did not think it was possible to avoid doing so, or to avoid linking them with the important meeting to be held on 18 April within the Economic and Social Council. All those events and processes were closely interrelated and should reinforce each other; all of them dealt, directly or indirectly, with the economic interdependence of Member States. He believed that, as a result of the agreements achieved at that session, it would now be possible to revitalize the debate on fundamental economic issues and place them at the top of the United Nations agenda.

22. After thanking the Committee and the Bureau for the spirit of cooperation they had displayed, and the Secretariat for its support, he declared that the Committee had completed its work for the fifty-second session of the General Assembly.

The meeting rose at 4.10 p.m.